

5 February 2026

Sharp focus on level playing field initiatives still needed

Pulse Energy welcomes the opportunity to respond to the ECTF work priorities open letter. Pulse is very supportive of industry regulator collaboration, including through the ECTF.

Going forward, the ECTF should put a stronger focus on directly addressing underlying market power problems in the electricity market (particularly in the wholesale market) and less on reforms aimed at the symptoms of the underlying market failures.

For example, mandating that retailers offer TOU pricing could only be justified if the regulator does not have confidence competition is working as it should and competition issues can't be resolved in a timely manner.

The proposal to look at retail service bundling likely (this hasn't been made clear) implicitly reflects similar angst about the state of competition. A better approach would be to ensure the level playing field (LPF) reforms are sufficiently robust for the Electricity Authority and ECTF to have confidence they will fix the underlying market failures and result in stronger competition that will deliver better consumer benefits and choice.

Further policy development on Level Playing Field initiatives needed

Pulse welcomes that the ECTF intends to continue LPF initiatives and that the "focus [will be] on the most material competition or regulation issues in the electricity system".

We consider it is objectively clear from the feedback on the Non-Discrimination Obligations/Retail Price Consistency Methodology proposals that material changes will be needed, if they are to be successful at promoting a more competitive electricity market, and the Electricity Authority/ECTF should engage on further, targeted consultations aimed at addressing the deficiencies of the initial proposals.

For example, the non-discrimination rules in the Grocery Industry Competition Act and the Telecommunications Act were commented on favourably in submissions, including that they are superior to the version contained in the LPF proposals. Pulse considers that it would be useful for the ECTF to further consider existing precedent and establish whether there are industry or regulatory-specific reasons for applying substantially weaker non-discrimination rules for wholesale electricity.

Market review needed to address underlying wholesale market power

Pulse encourages the Electricity Authority and ECTF to not just tackle the harm that wholesale market power can cause to competition in downstream and related markets (the principal focus of the LPF initiatives so far) but also to undertake a market review of the size of the market power issues, and reforms that could reduce that market power.¹ The ECTF's focus should not just be on network market power issues.

Our most recent LPF submission detailed evidence of wholesale market power problems, including economic withholding, provided by Dr Layton and Meridian.

The OECD's latest economic outlook has raised concern that "high energy costs" are adversely affecting the recovery of the NZ economy.²

MBIE has also released evidence that supports the OECD views on the damage high (wholesale) electricity prices are causing to the NZ economy, including evidence from Sense Partners that high electricity and gas prices between 2017 and 2025 have cost the NZ economy \$5.2 billion in lost GDP.

Enhancing Competition: Alignment of OECD Insights

Pulse agrees with the OECD that "Because New Zealand's economy is small and remote, competition policy in New Zealand needs to be at the international frontier of best practice to counteract these disadvantages and improve the level of economic performance and long-term growth."³

Pulse also agrees with the Commerce Commission's perspective on the OECD views: "The OECD's Economic Survey, with its focus on 'revamping competition', is an international perspective on driving economic growth through enhancing competition. The OECD highlights New Zealand's geographical position and small market size means that our markets are more concentrated than many others. They state that a strong and resilient competition regulator with a modern set of tools is crucial to offset these challenges and maximise the contribution competition can make to boosting productivity and economic growth. We note that the Government's Competitive Markets work under the Going for Growth agenda focuses on competition as an enabler of economic growth."⁴ [emphasis added]

We would similarly like to see an overt recognition in the ECTF work that regulators can need to do more to ensure competition works well in smaller markets, and on the importance of competition to productivity and economic growth.

¹ See, for example, https://www.ea.govt.nz/documents/7373/Pulse_Energy_gugzoLZ.pdf and https://www.ea.govt.nz/documents/8959/Pulse_Energy_-_Level_playing_field_Code_amendment_submission1.pdf.

² https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/12/oecd-economic-outlook-volume-2025-issue-2_413f7d0a/9f653ca1-en.pdf

³ OCED, Economic Survey of New Zealand, May 2024.

⁴ Commerce Commission, Enhancing Competition: Response to the Governance and Effectiveness Review, June 2025.

Retail service bundling should not be on the list of ECTF work priorities at all

Pulse does not consider that retail service bundling is an issue that should be prioritised. Bundling is an increasingly common additional service that retailers are providing which customers find convenient. It's a very common practise in fast food (e.g. bundling with Uber Eats delivery service), insurance and banking. It provides more competition/options in the electricity market, gas market, LPG market as well as telecommunications.

If the ECTF is to focus on retail service bundling issues, a question it should consider is why electricity retailers have been able to gain market share in telecommunications markets (particularly broadband) a lot more quickly and successfully than new entrants into the electricity retail market.

Yours sincerely,

Sharnie Warren
Chief Executive